

CLASSIFICATION RESTRICTED
CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTS

COUNTRY Communist China
SUBJECT Economic - Commerce
HOW PUBLISHED Daily newspapers
WHERE PUBLISHED Hong Kong
DATE PUBLISHED 3 - 5 Aug 1949
LANGUAGE Chinese

DATE OF
INFORMATION

STAT

DATE DIST. 23 Sep 50

NO. OF PAGES 3

SUPPLEMENT TO
REPORT NO.

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SOURCE Ta Kung Pao.

CCP FOSTERS URBAN-RURAL TRADE

T'IENT-CHING MAKES TRADE PLANS -- Ta Kung Pao. 3 - 4 Aug 49

T'ien-ching is the center of trade and industry for North China. It has 2 million people, 5,000 factories, and 300,000 workers. The textile, flour, and rubber industries are especially prosperous. There are 30,000 shops in the city. Communications are good, converging on the city from North China, the Northeast, and the Northwest. The revival of the city's urban-rural trade will have a great effect on the reconstruction of North China's economy.

Present Status of Trade

The Trade Control Bureau has been active in making plans. A barter agreement was negotiated with the Central Plains area for the exchange of T'ien-ching's cloth, yarn, gasoline, kerosene, caustic soda, and glass for raw cotton, tobacco, and peanut oil. Similar agreements were made with Shen-yang and Heilungkiang, in which the city's cement, cotton, tobacco, cloth, and yarn were bartered for grain, beans, and railway ties. The Trade Bureau, operating through its Trust Company, has 319 branch offices in North China and four other liberated areas. It buys farm products, war materials, and manufactured goods. The T'ien-ching Central Cooperative has over 50 branches with warehouse facilities.

Water transportation is used to a great degree for trade with the interior, private merchants employing approximately 1,200 boats for this purpose. With the help of the Trade Bureau, such merchants are exchanging all sorts of goods between T'ien-ching and the interior. There is a brisk demand for K'ai-luan coal and Ch'ang-lu salt.

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Trade and Industry Stimulated

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The exchange of goods greatly stimulates trade and industry. Before the liberation, 20 flour mills, unable to get grain were prepared to close, but now they are operating at full capacity, and production is increasing. For example, in the first part of May, the daily output was 27,000 bags of flour, at the middle of May 36,000 bags, and in the latter part of May 48,000 bags. After machinery factories were supplied iron and wood, 322 plants resumed operation in March, and 14 in April, making large quantities of cotton-processing machines, looms, knitting machines, milling machines, plows, and spades. In March, 497 knitting machines were built. These were all sold, in addition to 149 already on hand. Now that iron and coke can be obtained, 48 foundries have again opened and are manufacturing farm tools, machine parts, and pipes. In April, products amounted to 635 tons, of which 58 tons were sold. As a result of shortages and small demand before the liberation, 61 private rubber concerns had to close, but now materials are available and they cannot meet the demand. Bicycle tire production in April 1949 was 69,840 sets. Including available stocks, 80,242 tires were sold during the month. Cart transportation and storage facilities were expanded greatly from March to April, indicating the increase in urban-rural trade. Before the liberation, there were 42 farmer markets; now there are 454, exchanging all kinds of farm produce for city goods.

Means of Restoring Urban-Rural Trade

Under imperialism and bureaucratic capitalism, the T'ien-ching market was marked by inflation, high prices, hoarding, and speculation, which interfered with the normal growth of the people's economy. When liberation came, the government took steps to revive trade between city and country, such as restoring and expanding industry, controlling the market, stabilizing prices, and attacking speculation. Obstacles were removed by controlling financial transactions and the grain market, eliminating hoarding and speculation.

At the same time, the Trade Bureau supplied the city with necessities for living (chiefly grain) and for production (chiefly cotton). More than 200 million catties of grain were brought into T'ien-ching from the North China, East China, and Suiyuan-Mongolia areas and properly rationed so that all classes of the population were supplied with food. Forty million catties of cotton were brought in from North China, guaranteeing a supply to China Textiles Corporation Mills, which do over 80 percent of the manufacturing. These mills poured into the market 1,200,000 bolts of cloth and 30,000 bales of yarn, thus assuring a sufficient supply. These two staples, grain and yarn or cloth, have always been the important factors in commodity prices in T'ien-ching, so when the Trade Bureau assumed control of them, there was a basic stabilizing of prices.

Since T'ien-ching is the commercial center for North China, both its supply and demand are correspondingly large. To control this market and stabilize prices, the Trade Bureau has, under the principle of recognizing the interests of both public and private concerns, organized private businesses to serve the public interests. As examples:

1. The Municipal Grain Company and the 24 private flour mills in T'ien-ching have organized a purchase and sales committee, which unifies the purchase of wheat and distributes it to the mills on the basis of production needs (when distribution is made, the company yields to the mills, itself getting little or none), to eliminate competitive buying. Acting according to the principles of both profits for the producer and benefits for the consumer, they agree upon a sale price for flour.

2. More than 500 food shops have been organized so that food may be easily accessible. The shops are allowed a definite profit and prices are not affected.

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3. The three large private flour mills, Tung-ya, Shou-feng, and Hsiao-shan, and 508 grain depots were supplied with 46,058,853 catties of raw materials and 51,436,466 catties of processed flour. In this way market needs were met, and the firms were allowed to continue in operation.

4. Private merchants were aided in solving their problems, so that from February to June they brought in more than 200 million catties of grain.

5. More than 3,000 private knitting, weaving, and dyeing establishments were aided in obtaining materials and in selling their products, thus increasing the textile supply of the city.

Under government leadership, price stabilization was brought about, which assured profits to producers. As a result of price stabilization, there was a continuous exchange of goods. Since the liberation this exchange of goods has followed time-honored channels. T'ien-ching textiles go to the Northeast in exchange for grain and lumber. Northwest hides and herbs go to T'ien-ching in exchange for manufactured goods.

Problems in Revival of Urban-Rural Trade

In the first stages of restoring this trade, many questions arise. As buyers act to secure raw materials, they are hindered by fear of price fluctuations, the necessity of obtaining purchase certificates, lack of transportation facilities, transit taxes, etc.

To depend entirely on the government's economic power to restore trade is a hardship, and so the authorities will depend on private merchants to expand trade.

Foreign trade is not yet well developed, and this affects urban-rural trade. A vast amount of produce in rural areas is awaiting export, but the Trade Bureau has been slow in getting the merchants together to push exports. The agency is not aware of the needs of local plants in the way of imports.

A few trading firms are still too concerned with individual profits. Purchasing agents sometimes insist on higher profits than merchants. When prices rise, trading firms are unwilling to sell, holding out for higher gain. These practices do not encourage trade. There is the mistaken idea that piling up of capital and development of the economy should arise out of high profits. Industry and farming will benefit most by wide sales at low profits and quick turnover of goods.

NAN-CHING FACILITATES URBAN-RURAL TRADE -- Ta Kung Pao, 5 Aug 49

The Nan-ching Trade Company has sent out small purchasing teams, one of which, after aiding in the organization of a cooperative in Chin-chiao, exchanged cloth for 19,000 catties of rice. Towels and soap were sent into Anhwei for 5,000 catties of rice. Su Hsien in north Anhwei has sent beans and salt to Nan-ching in exchange for cotton gins and fluffers, farm tools, matches, and cloth. The Nan-ching People's Government called together representatives of 12 groups to form a committee to investigate urban-rural economy in industry, agriculture, and commerce in an effort to improve the flow of commodities between Nan-ching and nearby towns and hsien.

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